

PREPARED STATEMENT OF THE HONORABLE EDWARD T. BEGAY
CHAIRMAN OF THE BOARD OF DIRECTORS - NAVAJO AGRICULTURAL PRODUCTS INDUSTRY
TO THE U.S. HOUSE APPROPRIATIONS SUBCOMMITTEE ON INTERIOR, ENVIRONMENT AND
RELATED AGENCIES
HEARING ON AMERICAN INDIAN/ NATIVE ALASKA ISSUES
MARCH 27, 2012

INTRODUCTION

Good afternoon Chairman Simpson, Ranking Member Moran, and members of the Subcommittee. I am Edward T. Begay and I am the Chairman of the Board of Directors of the Navajo Agricultural Products Industry (NAPI), an agricultural company chartered under the laws of the Navajo Nation. I am pleased to submit this statement relating to President Obama's Fiscal Year 2013 budget request for tribal programs and initiatives.

BACKGROUND ON THE NAVAJO INDIAN IRRIGATION PROJECT

After many years of negotiations between the Navajo Nation, the State of New Mexico and the U.S, the Navajo Indian Irrigation Project (NIIP) was authorized by Congress in 1962. The legislative history as well as the text of the 1962 statute make clear the Federal commitment to build a 110,000-acre irrigated farm project to be completed in 14 years. NAPI is charged with operating a commercial farm on the lands located in the northeastern part of the Navajo Reservation in New Mexico. Fifty years later, the NIIP is only 75% complete, contrary to congressional intent, the Navajo – U.S. agreement, memorialized in the NIIP legislation, and the U.S. government's treaty obligations to the Navajo Nation.

NAPI'S OPERATIONS AND ECONOMIC IMPORTANCE TO THE FOUR CORNERS REGION

Today, NAPI operates a 72,000-acre farm, generates \$400 million in revenues to the Navajo Nation and San Juan County, employs more than 400 people in the Four Corners Area, and purchases tens of millions of dollars in goods and services both locally and across the nation. In its operations, NAPI has stressed the use of the state-of-the-art technology and environmentally friendly practices. NAPI's agribusiness features state-of-the-art farming equipment, including high-tech radio control, and a computerized center pivot irrigation system that reduces operational costs and efficiently manage water resources.

NAPI produces premier "Navajo Pride" brand agricultural products, including alfalfa, corn, wheat and small grains, potatoes, pinto beans. NAPI also leases land for cattle grazing and specialty crops, including pumpkins, popcorn, and chipper potatoes used for potato chips.

THE FY2013 BUDGET REQUEST FOR THE NAVAJO INDIAN IRRIGATION PROJECT

On February 13, 2012, President Obama submitted to Congress a \$3.8 trillion budget request, with proposed spending cuts of up to \$600 billion on defense and domestic discretionary spending over the next decade. The discretionary accounts include the programs and services for tribal communities, in particular Indian resources management construction programs.

The budget request proposes \$3.381 million for the NIIP, \$3,000 less than the FY2012 enacted level and \$22 million less than the high-water mark set in fiscal year 1981. To be blunt, NAPI is extremely disappointed with the FY2013 request for NIIP and notes that the amount requested will not even support the construction of Block 9 of the NIIP, let alone Blocks 9, 10 and 11.

Therefore, the NAPI strongly urges this Subcommittee to restore funding in the amount of \$35 million for completion of construction of Block 9 of the NIIP. In addition, the component of the NIIP development for which the BIA is primarily responsible, on-farm development (OFD), has been underfunded for years, so that the land in Block 9 for which the Bureau of Reclamation has already completed the primary irrigation infrastructure will not be usable for crops until 2014 unless funding for OFD is not increased dramatically.

Accordingly, NAPI urges the Subcommittee to fund OFD in FY2013 in the amount of \$8 million. Due in large part to the underfunding of NIIP Operations and Maintenance (O&M) during the previous eight years, the deferred maintenance of the NIIP threatens the very integrity of the project. NAPI therefore urges Congress to increase NIIP O&M funding to \$8 million in FY2013. Finally, we request an appropriation of \$900,000 in FY2013 to fund the Agricultural Research and Testing Laboratory that serves all of the NIIP.

ECONOMIES OF SCALE TO OPTIMIZE NAPI OPERATIONS

Utilization of a fully-built Block 9 will permit NAPI to augment its value-added programs, which includes a "Fresh-Pack" potato operation, a flour mill, and an expanding feedlot operation which – if sufficient land is made available – will include a potato processing facility with nationally respected partners. These initiatives will boost employment opportunities dramatically for the Navajo Nation and the Four Corners area, diversify and enhance the regional and state economies, provide greater profits and capital for further expansion by NAPI, and provide greater national food security.

Currently, NAPI's operations contribute more than \$30 million annually to the Four Corners economic base. Our "Navajo Pride" brand products have earned the distinction of being "New Mexico Grown" by the New Mexico Department of Agriculture. In addition, NAPI has participated with the U.S. Department of Agriculture in an international trade show PMA - in Anaheim, California where our produce was showcased among many throughout the nation.

CONCLUSION

The history of Federal funding and support for the NIIP and related activities reveals that partial and delayed funding has resulted in delayed or derailed economic opportunities, job creation, and chronic problems in maintaining irrigation equipment and physical infrastructure.

These problems are exacerbated through time and each fiscal cycle that fails to provide the necessary funding to complete the NIIP.

This concludes my written statement. Thank you again for this opportunity and I would be happy to answer any questions you might have.

Attachment

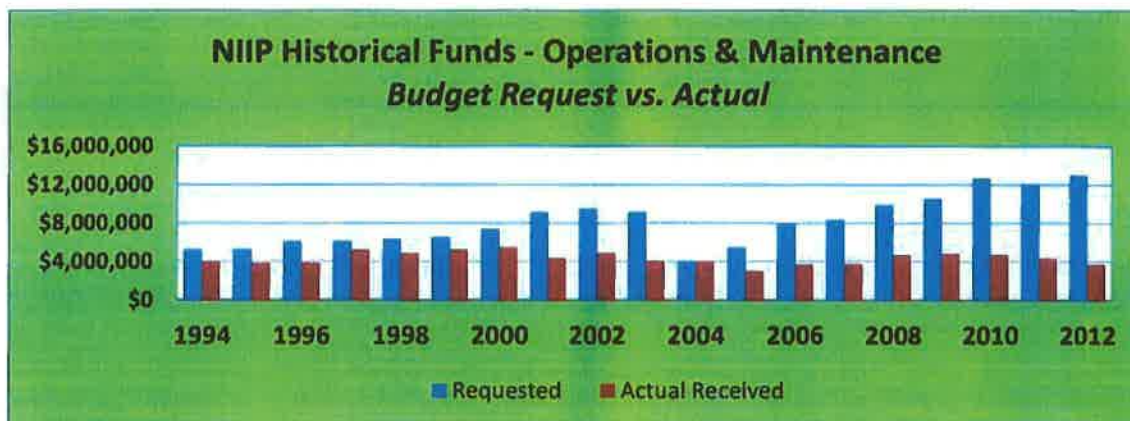


Navajo Indian Irrigation Project (NIIP) Historical Construction Funds 5-year Average (1960-2012):



The Average NIIP funding between **1976-1980 were \$25,185,000 annually.**
The Average NIIP funding between **1994-2002 were \$25,604,000 annually.**

Historical NIIP Operation & Maintenance Funding Graph:



Historical On-Farm Development Funding Graph (2004-2012):

